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Message Text

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PAGE 01 SEOUL 01683 020738Z
ACTION EA-12

INFO OCT-01 ISO-00 ONY-00 /013 W
----------085780 020742Z /10 R
P R 020633Z MAR 78
FM AMEMBASSY SEOUL
TO SECSTATE WASHDC PRIORITY 9606
INFO AMEMBASSY LONDON
AMEMBASSY TOKYO
AMEMBASSY PARIS
AMEMBASSY BONN

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E.O. 11652: N/A
TAGS: EFIN, BENG, OEDC, UK, US
SUBJ: EXIM FINANCING FOR KORI 3 & 4

REF: STATE 52997

1. UNDER HEADLINE READING "CONTRACTOR CHANGE MULLED FOR NUCLEAR PLANTS 5 AND 6 (KORI 3 & 4)" FOLLOWING ARTICLE APPEARED MARCH 1, 1978 KOREA HERALD: "THE GOVERNMENT IS SERIOUSLY CONSIDERING CHANGING THE CONTRACTORS-DESTIGNATE FOR THE NOS. 5 AND 6 NUCLEAR POWER PLANTS FROM U.S. BUSINESS INTERESTS TO EUROPEAN FIRMS.
"INFORMED SOURCES AT THE MINISTRY OF ENERGY AND RESOURCES SAID YESTERDAY THAT THE SWEITCH OF WOULD-BE CONTRACTORS FOR THE SUPPLY OF ATOMIC REACTORS FOR THE TWO NUCLEAR POWER PLANTS HAS BECOME NECESSARY AS THE U.S. FIRMS ARE EXPECTED TO FACE DIFFICULTY IN SECURING FINANCING FOR THE VENTURES FROM THE U.S. EXPORT-IMPORT BANK.
"WESTINGHOUSE ELECTRIC CORP. AND COMBUSTION ENGINEERING CORP. OF THE UNITED STATES WERE EARLIER REPORTED TO HAVE BEEN SELECTED AS THE FIRST AND SECOND CHOICES FOR THE PROJECTS THROUGH AN INTERNATIONAL BIDDING HOSTED BY THE STATE-RUN KOREA ELECTRIC COMPANY LATE LAST YEAR.
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"FRAMATONE OF FRANCE AND KRAFT WERK UNION (KWU) OF WEST GERMANY ARE NOW BEING CONSIDERED AS THE NEW CANDIDATES FOR THE VENTURES, THE SOURCES SAID.
"SIX LEADING INTERNATIONAL ATOMIC POWER PLANTS MAKERS COMPETED FOR THE LUCRATIVE DEALS BUT FRAMATONE AND KWU DROPPED OUT OF THE CANDIDATE LIST IN THE EARLY STAGE OF THE INTERNATIONAL BIDDING AS THEY INSISTED ON A TURN-KEY

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ARRANGEMENT. THE TWO U.S. COMPANIES LIVED UP TO THE BASIC REQUIREMENTS OF THE BIDDING CALLING FOR, AMONG OTHERS, A NON-TURNKEY FORMULA.
"WIRE SERVICE REPORTS FROM WASHINGTON SAID OVER THE WEEKEND THAT KOREA HAS BEEN TOLD THAT A PLANNED $500 MILLION U.S. LOAN TO FINANCE THE TWO NUCLEAR POWER PLANTS WILL BE STALLED IN THE SENATE UNTIL SEOUL PROVIDES INFORMATION IN THE ALLEGED KOREAN INFLUENCE-BUYING SCANDA. THE WARNING WAS ISSUED BY SEN. ADLAI STEVENSON, CHAIRMAN OF THE SENATELETHICS COMMITTEE AS WELL AS THE BANKING SUB-COMMITTEE ON INTER-NATIONAL FINACE WHICH HANDLES EXPORT-IMPORT BANK CREDITS TO FINANCE U.S. SALES ABROAD.
"THE SOURCES SAID THAT THE CHANGE WILL HAVE TO BE MADE IF IT BECOMES CERTAIN THAT THE TWO COMPANIES INVOLVED WILL BE DENIED U.S. EXIM BANK FINANCING OR WF THEY ARE UNABLE TO GET THE NECESSARY FUNDS FROM OTHER SOURCES.
"IF THE GOVERNMENT DECIDES TO TURN TO FRAMATONE AND KRAFT WERK UNION, THERE MUST BE NEGOTIATIONS OVER SOME TERMS OF CONSTRUCTION AS THE TWO COMPANIES INSIST ON A TURN-KEY ARRANGEMENT AS AGAINST THE GOVERNMENT STAND, IT OBSERVED."

2. IN A SIDEBAR TITLED "KWU DEAL" FOLLOWING APPEARED:
"BONN (AFP) - SOUTH KOREA IS CONSIDERING BUYING TWO NUCLEAR INSTALLATIONS, EACH OF 1,200 MEGAWATTS, FROM THE WEST GERMAN FIRM KWU, THE HAMBURG WEEKLY DER SPIEGEL REPORTED MONDAY. A SPOKESMAN FOR KWU SAID THAT NO FIRM
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ARRANGEMENTS HAD BEEN MADE BETWEEN HIS FIRM AND SOUTH KOREA."
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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01 jan 1994
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Copy: SINGLE
Draft Date: 02 mar 1978
Decaption Date: 20 Mar 2014
Decaption Note: 25 YEAR REVIEW
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 jan 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978SEOUL01683
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
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Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780095-0392
Format: TEL
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Handling Restrictions:
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ISecure: 1
Legacy Key: link1978/newtext/t197803114/aaaadswv.tel
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Secure: OPEN
Status: NATIVE
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